

DIRECTORATE OF INTELLIGENCE

# Central Intelligence Bulletin

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South Vietnam: Saigon's determination to curb corruption will soon be tested.

The Inspectorate, South Vietnam's independent anticorruption agency, has publicly charged a general officer, a former province chief, and several lesser officials with corruption and recommended punishments ranging from administrative warning to removal from office. It is now up to the government to take action against those accused.

The Inspectorate probably publicized the charges to force executive branch action. However, the agency's secretary general doubts that some of the accused will be brought to justice because of their political influence. He suspects that the executive may buck the decision back to his agency to delay action or even ignore the charges.

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USSR: Foreign Minister Gromyko's speech to the Supreme Soviet yesterday combined warnings to China with a conciliatory line toward the US and the West.

According to a TASS summary, Gromyko called for friendly relations between the US and the Soviet Union and indicated that Moscow is ready for talks on strategic arms limitation. Evidently swallowing any displeasure over President Nixon's planned visit to Bucharest, he went back several months to refer approvingly to the President's statement favoring a "well prepared" summit conference. Gromyko took a moderate stance on West European affairs and, according to Western press reports, made a carefully hedged expression of willingness to discuss West Berlin with the three Western powers with a view to preventing future crises there.

The Soviet foreign minister strongly criticized China's attitude toward the USSR, stating that Chinese foreign policy had broken with "proletarian internationalism" and was using methods surpassing those of "even our most rabid enemies." He gave the first public indication that the Sino-Soviet border navigation talks in Khabarovsk are not going well. His references to "certain statements" by Chinese representatives and the "recent new provocation" on the Amur River suggest that the USSR anticipates a breakdown of the negotiations.

Gromyko reiterated the idea of a collective security system for Asia, which Brezhnev broached in June, but TASS mentioned no clarification. In recent weeks, Soviet diplomats have touted this vague scheme but have provided no details.

Gromyko had nothing new to offer on the Middle East. While decrying the dangers to peace in that area, he made it clear that Moscow still considers Israeli withdrawal from occupied areas as a prerequisite for a settlement, along with recognition of Israel's right to exist.

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Somali Republic - Ethiopia: Pressure is mounting on Somali Prime Minister Egal to respond to the latest border clash between Ethiopian troops and Somali nomads.

A similar incident at the same point inside the Ethiopian border on 24 June was smoothed over by an exchange of visits between the two governments' interior ministers. Serious fighting again broke out on 8-9 July, however, and the Ethiopians used heavy weapons against the nomads. Egal now expects an intensification of public and parliamentary pressure for countermeasures against the Ethiopians. He has already been urged to take action by Somali Army commandant General Siad, and he may find it difficult to avoid some kind of military response.

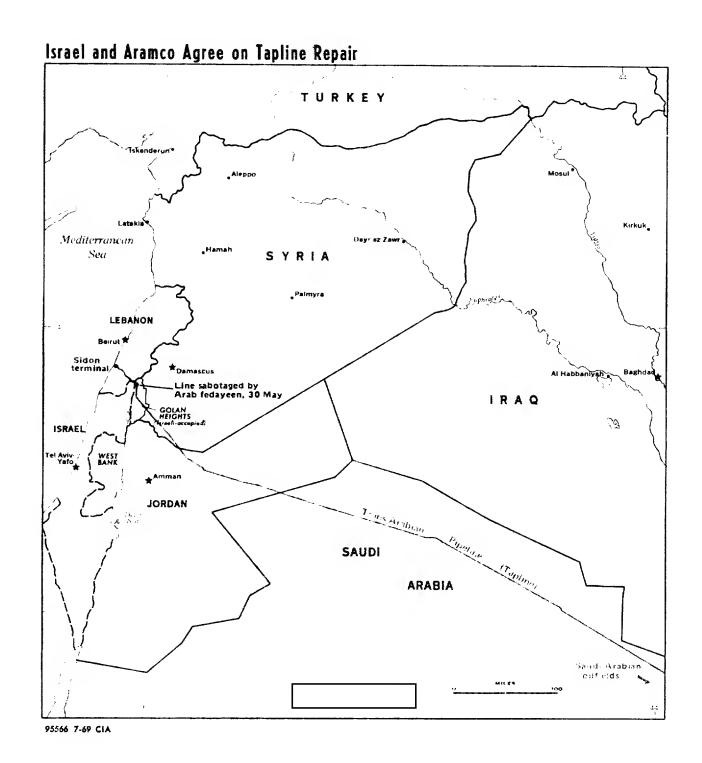
In a sharp message to the Ethiopian prime minister, Egal has proposed an on-the-spot investigation of the incident in an attempt to defuse the situation. The possibility of a confrontation between Ethiopian and Somali security forces has increased, however.

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Arab States - Israel: Tapline, the only direct means for transporting Saudi Arabian oil to the eastern Mediterranean, will probably be in operation again within a short time.

The Israeli Ministry of Finance announced on 9 July that it had signed an agreement to allow Aramco, Tapline's owner, to proceed with repairs. In return, the oil company pledged to provide maximum safeguards against further pollution of Israeli water supplies by leaking oil, and will also compensate Israel for the pollution damages that resulted when the line was sabotaged by Arab fedayeen on 30 May.

Israel refrained from requiring Tapline to obtain political guarantees from the surrounding Arab states against further sabotage efforts. Tapline had feared such a requirement might force it to close down the line permanently. (Map)

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Italy: Communist leaders believe that time is on their side and do not intend in present circumstances to press for a minority role in the new government.

The party has taken the line, at its congress last February and in its press since then, that it is not interested in entering the government to get a few ministries and a modest share of power. Instead, it is looking to the creation of a new majority to change Italian society.

The party's approach to the new opportunities and problems opened up by the Socialist split was set forth by Secretary General Luigi Longo in an interview on 6 July and in a speech by Longo's deputy published the next day in the party press. The two leaders emphasized the importance of party unity and appealed for a struggle for a new coalition led by the Communist Party which would lead it to a decisive share of power.

According to the US Embassy in Rome, the Communist Party and the radical Proletarian Socialist Party are now trying to coax the left-wing Socialist Party and left-wing Christian Democrats their way. The Communists do not want to frighten off these potential allies, and there is no sign that they are encouraging strikes or disorders.

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Bolivia: President Siles and armed forces commander General Ovando are continuing to maneuver for political advantage.

Ovando told Siles on 3 July that he would be allowed to finish his term of office in return for Siles' support in next year's presidential election. Although Siles cannot constitutionally succeed himself, Ovando undoubtedly has been alarmed by reports that the President was boosting the candidacy of the popular mayor of La Paz, retired General Escobar.

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The military high command now is reportedly incensed at Siles' surprise appointment on 7 July of leftist Enrique Mariaca as interim president of the state petroleum enterprise. Ovando and the military consider Mariaca pro-Communist and see his appointment as further proof of Siles' efforts to ingratiate himself with antimilitary elements. If Siles refuses to cancel the appointment the stage could be set for a major showdown with the military.

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